

*Cadwalader, Wickersham & Taft*

*100 Maiden Lane*

*New York, N.Y. 10038*

*Telephone: (212) 504-6000*

1333 NEW HAMPSHIRE AVE., N.W.  
WASHINGTON, D.C. 20036  
(202) 862-2200  
TWX: 710-822-1934

RECORDATION NO. 6125-1  
FIVE 1234

DEC 31 1988 10 55 AM

INTERSTATE COMMERCE COMMISSION

440 ROYAL PALM WAY  
PALM BEACH, FLA. 33480  
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RECORDATION NO. 6125-1  
FIVE 1234

DEC 31 1988 10 55 AM

INTERSTATE COMMERCE COMMISSION

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8-365A013

No. DEC 30 1988

Date

Fee \$ 2.00

ICC Washington, D.C.

December 30, 1988

RECORDATION NO. 6125-1  
FIVE 1234

DEC 31 1988 10 55 AM

INTERSTATE COMMERCE COMMISSION

Ms. Mildred Lee  
Secretary  
Interstate Commerce Commission  
12th and Constitution Avenue, N.W.  
Washington, D.C. 20423

RECORDATION NO. 6125-1  
FIVE 1234

DEC 31 1988 10 55 AM

INTERSTATE COMMERCE COMMISSION

Re: Documents for Recordation Pursuant to 49 U.S.C.  
§11303

Dear Ms. Lee:

I enclose an original and two certified copies of the following documents to be recorded pursuant to Section 11303 of Title 40 of the U.S. Code:

1. A Mortgage, Security Agreement and Assignment of Leases and Rents, a primary document, dated December 30, 1988;
2. A Loan Agreement, a secondary document, dated December 30, 1988;
3. A Limited Recourse Secured Promissory Note, a secondary document, dated December 30, 1988; and
4. A Bill of Sale, a secondary document, dated December 30, 1988.

The Mortgage, Security Agreement and Assignment of Leases and Rents and the Bill of Sale cover one hundred eighty six (186) used open top hopper cars with the following road marks:

*Very respectfully,*

*Robert J. Davidson*

Twenty one (21) open top hopper cars bearing reporting marks: WSOX 6820, 6822, 6823, 6826, 6830, 6840, 6844, 6849, 6855, 6856, 6858, 6859, 6891, 6902, 6919, 7454, 7464, 7483, 7500, 7507, 7509; twenty (20) open top hopper cars bearing reporting marks: UMP 6825, 6833, 6863, 6864, 6866, 6869, 6871, 6874, 6875, 6876, 6880, 6882, 6884, 6886, 6887, 6890, 6892, 6898, 6912, 6913; thirty (30) open top hopper cars bearing reporting marks: UMPX 6821, 6827, 6837, 6838, 6839, 6841, 6843, 6846, 6853, 6854, 6857, 6860, 6862, 6867, 6872, 6879, 6881, 6883, 6893, 6894, 6897, 6899, 6906, 6914, 6916, 6918, 7435, 7453, 7479, 7498; and one hundred fifteen (115) open top hopper cars bearing reporting marks: WSOR 6829, 6831, 6832, 6834, 6836, 6842, 6845, 6848, 6851, 6852, 6861, 6865, 6868, 6870, 6873, 6877, 6878, 6885, 6888, 6889, 6895, 6896, 6900, 6901, 6903, 6904, 6905, 6907 through 6911, 6915, 6917, 7433, 7434, 7436 through 7450, 7452, 7456, 7457, 7458, 7460 through 7463, 7465 through 7471, 7473 through 7478, 7480, 7481, 7482, 7484 through 7497, 7499, 7501 through 7506, 7510 through 7514, 7516, 7517, 7519, 7521 through 7528, 7530, 7531 and 7532.

The Loan Agreement, the Limited Recourse Secured Promissory Note and the Bill of Sale are secondary documents relating to the enclosed Mortgage, Security Agreement and Assignment of Leases and Rents, which is a primary document and is being submitted for initial recording and indexing.

The mortgagor, debtor and buyer in the above-described documents is Ridgefield Development Corporation ("Ridgefield"), a Pennsylvania corporation, with its address at 1250 Tower Lane, Erie, Pennsylvania 16505.

The secured party, mortgagee and lender in the above-described documents is Irving Leasing Corporation ("ILC"), a New York Corporation, with its address at 1290 Avenue of the Americas, New York, New York 10104.

The seller pursuant to the Bill of Sale is Northbrook Corporation ("NC"), a Delaware corporation, with its address at 2215 Sanders Road, Suite 370, Northbrook, Illinois 60062.

A recordation fee of \$52.00 is enclosed. Please return the original copy of the Limited Recourse Promissory Note and one stamped receipted copy of each of the other enclosed documents after they have been recorded and indexed to me, James P. Finnegan, Esq., Cadwalader, Wickersham & Taft, 100 Maiden Lane, New York, New York 10038.

The following is a short summary of each of the enclosed documents which may appear in the index:

December 30, 1988

1. Mortgage, Security Agreement and Assignment of Leases and Rents, dated December 30, 1988, between Ridgefield and ILC, pursuant to which Ridgefield granted, conveyed, delivered mortgaged, assigned and transferred over to ILC a first priority mortgage and security interest in, among other things, the 186 open top hopper cars.

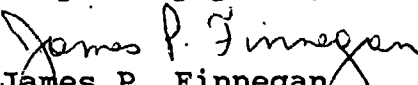
2. Loan Agreement, dated December 30, 1988, between Ridgefield and ILC, providing for two secured loan facilities to be made available by ILC to Ridgefield, the initial such facility to be in the original principal amount of \$4,224,000 and the second such facility to be available to Ridgefield to refinance the initial such facility and the proceeds of such facilities to be used for the purpose of, among other things, Ridgefield's acquisition of the 186 open top hopper cars.

3. Limited Recourse Secured Promissory Note, from Ridgefield to the order of ILC in the principal amount of \$4,224,000 evidencing Ridgefield's obligations to ILC pursuant to the Loan Agreement and secured by the Mortgage, Security Agreement and Assignment of Leases and Rents.

4. Bill of Sale, dated December 30, 1988, from NC transferring title to 186 open top hopper cars to Ridgefield.

If you have any questions concerning this matter, please call me at (212) 504-6227.

Very truly yours,

  
James P. Finnegan

JPF/ab  
Enclosures

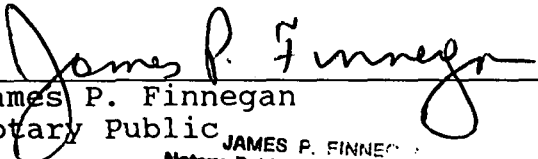
BY HAND

1 6125/A  
REGISTRATION NO. \_\_\_\_\_ FILE NO. \_\_\_\_\_  
DEC 30 1988 - 10 55 AM  
INTERSTATE COMMERCE COMMISSION

CERTIFICATION

I, James P. Finnegan, Notary Public of the State of New York, do hereby certify that the attached copy is a true and complete copy of the original document.

Dated: December 30, 1988

  
James P. Finnegan  
Notary Public  
JAMES P. FINNEGAN  
Notary Public, State of New York  
No. 60-4733054  
Qualified in Westchester County

1 6125/A  
RECORDATION NO. \_\_\_\_\_ FILED

DEC 30 1988 - 10 35 AM

INTERSTATE COMMERCE COMMISSION

LOAN AGREEMENT

LOAN AGREEMENT dated December 30, 1988, between RIDGEFIELD DEVELOPMENT CORPORATION ("the Company"), a Pennsylvania corporation, and IRVING LEASING CORPORATION ("ILC"), a New York corporation.

WHEREAS, the Company has accepted an offer by Northbrook Corporation ("NC"), a Delaware corporation, to purchase 186 used hopper cars as more fully described on Schedule A hereto (the "Cars");

WHEREAS, the Company desires that ILC make available to the Company a loan facility in the principal amount of \$4,224,000 in connection with the purchase of the Cars and an additional loan facility to refinance the initial facility; and

WHEREAS, ILC is willing to make available such loan facility pursuant to the terms and conditions hereof.

NOW, THEREFORE, in consideration of the premises and other good and valuable consideration, the receipt and adequacy of which are hereby acknowledged, the Company and ILC hereby agree as follows:

SECTION 1. Definitions

Unless the context otherwise requires, the following terms have the following meanings for all purposes of this Agreement and shall be equally applicable to both the singular and the plural forms of the terms herein defined:

"Annual Full Service Lease Rental Target" means (i) in the case of calendar year 1990, \$849,254 and (ii) in the case of calendar year 1991 and each calendar year thereafter, \$926,280.

"Annual Rental Target" means (i) in the case of calendar year 1989, \$691,508; (ii) in the case of calendar year 1990, \$780,725; and (iii) in the case of calendar year 1991 and each calendar year thereafter, \$892,800.

"Annual Triple Net Lease Rental Target" means (i) in the case of calendar year 1990, \$749,920 and (ii) in the case of calendar year 1991 and each calendar year thereafter, \$814,680.

"Approved Lease" means any lease or conditional sales agreement covering any of the Cars that has been approved in writing by ILC pursuant to Section 10(a) hereof.

"AAR" means the Association of American Railroads and any successor agency or agencies thereto.

"Bill of Sale" means the Bill of Sale, dated the date hereof, from NC to the Company covering the Cars.

"Business Day" means any day except a Saturday, Sunday or other day on which commercial banks are required or authorized to close in New York City, New York.

"Closing Date" means the date on which the ILC shall make the loan to the Company pursuant to this Agreement.

"Contingency Reserve Account" has the meaning specified in Section 12 hereof.

"Conversion Option" means the option of the Company pursuant to Section 3(d) hereof to apply the proceeds of Facility 2 to refinance Facility 1.

"Collateral" has the meaning specified in the Mortgage.

"Dollars" and "U.S. \$" mean the lawful currency of the United States of America.

"DOT" means the United States Department of Transportation and any successor agency or agencies thereto.

"Event of Default" has the meaning specified in Section 13 hereof.

"Event of Loss" with respect to any Car means any of the following events with respect thereto: (a) loss thereof or the use thereof due to theft or disappearance for a period in excess of 30 days, or destruction, damage beyond repair or rendition of such property permanently unfit for normal use for any reason whatsoever; (b) any damage thereto or the condemnation, confiscation or seizure of, or requisition of title to or use of, such Car which results in an insurance settlement with respect to such Car on the basis of a total loss or total constructive loss; or (c) the condemnation, confiscation or seizure of, or requisition of title to or use of, such Car.

"Facility 1" means a term loan facility in the principal amount of \$4,224,000 to be used by the Company for, among other things, the payment of the purchase price for the Cars.

"Facility 2" means a term loan facility in an amount equal to \$4,224,000 plus interest thereon at the interest rate specified in Note 1 until the Facility 1 Maturity Date that may be used by the Company to refinance Facility 1.

"Facility 1 Maturity Date" means May 29, 1989.

"Facility 2 Maturity Date" means September 29, 2000.

"ICC" means the United States Interstate Commerce Commission and any successor agency or agencies thereto.

"Lien" means any mortgage, pledge, lien, claim, charge, encumbrance, lease, sublease, security interest or right in rem (including any conditional sale or other title retention agreement and any agreement to give any security interest).

"Mortgage" means the Mortgage, Security Agreement and Assignment of Leases and Rents, dated the date hereof, between the Company and ILC, as the same may be amended or supplemented from time to time pursuant to the applicable provisions thereof.

"Note 1" means the Limited Recourse Secured Promissory Note, dated the date hereof and in the principal amount of \$4,224,000, from the Company to ILC in the form attached hereto as Exhibit A.

"Note 2" means the Limited Recourse Secured Promissory Note from the Company to ILC in the form attached hereto as Exhibit B.

"Payment Date" means the 29th day of each month until all of the Cars shall have been sold, commencing on January 29, 1989; provided, however, that if any such day shall not be a Business Day, "Payment Date" shall mean the next following Business Day.

"Premium Account" has the meaning specified in Section 11 hereof.

"Purchase and Sale Agreement" means the Purchase and Sale Agreement, dated the date hereof, between the Company and NC.

"Stipulated Loss Value" with respect to a Car as of any Payment Date shall mean an amount equal to the product of (a) \$21,500.00 multiplied by (b) the percentage set forth in Schedule B hereto opposite such Payment Date with respect to such Car.

"UMLER" means the Universal Machine Language Equipment Register or any successor thereto.

## SECTION 2. Representations and Warranties of the Company

The Company hereby represents and warrants that:

(a) The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Pennsylvania, is duly qualified to do business and is in good standing in every jurisdiction in which its ownership of property

or the conduct of its business makes such qualification necessary and has the power and authority to own its property and to carry on its business as now being conducted and to execute, deliver and perform its obligations under this Agreement and under each of the documents executed or to be executed by it as contemplated herein; the execution and delivery of this Agreement and such documents and the carrying out of the transactions contemplated hereby and thereby have been duly authorized by all necessary corporate action by the Company, are not inconsistent with the Company's certificate of incorporation or by-laws, do not contravene any law or governmental rule, regulation or order applicable to the Company, do not and will not contravene any provision of, or constitute a default under, any indenture, mortgage, contract or other agreement or instrument to which the Company is a party or by which it or any of its property is bound, and each of this Agreement and such documents, when executed and delivered, will constitute the legal, valid and binding obligation of the Company enforceable in accordance with their respective terms.

(b) No consent or approval of, giving of notice to, registration with, or taking of any other action in respect of, any state, Federal or other governmental authority or agency is or was required with respect to the execution, delivery and performance by the Company of this Agreement or any other document executed or to be executed by the Company, as contemplated herein.

(c) There are no actions, suits or proceedings pending or, to the knowledge of the Company, threatened against or affecting the Company, in any court or other forum for the adjudication of disputes or before any governmental commission, board or authority which, if adversely determined, might have a material adverse effect on the ability of the Company to perform its obligations under this Agreement or any other document executed or to be executed by the Company, as contemplated herein.

(d) The Company on the Closing Date shall have good and marketable title to each Car free and clear of all liens other than the interests of the parties to the agreements listed on Schedule C hereto.

(e) Except for the filing of this Agreement, the Mortgage and the Note with the Interstate Commerce Commission and the filing of financing statements (and continuation statements at periodic intervals) with respect to the security and other interests created by this Agreement and the Mortgage under the Uniform Commercial Code of Pennsylvania and such other States as may be specified in the opinion furnished pursuant to Section 4(i) hereof, no further action, including any filing or recording



of any document (including any financing statement in respect thereof under Article 9 of the Uniform Commercial Code of any applicable jurisdiction), is necessary to establish and perfect ILC's security interest in the Collateral as against the Company and any third parties in any applicable jurisdictions in the United States.

(f) There has not occurred any event which constitutes an Event of Default under this Agreement or any event which with the giving of notice or passage of time or both would constitute an Event of Default under this Agreement which is presently continuing.

### SECTION 3. Advances of Facilities

(a) Subject to the terms hereof, in reliance upon the representations and warranties made by the Company in Section 2 hereof and each of them and upon the satisfaction of the conditions precedent set forth in Section 4 hereof, ILC agrees to advance Facility 1 to the Company and the Company agrees to borrow Facility 1 from ILC on the Closing Date. The proceeds of Facility 1 shall be advanced by ILC as follows: (i) \$3,999,000 to NC in payment of the purchase price of the Cars; (ii) \$175,000 to ILC in payment of the loan facility fee referred to in subsection (c) of this Section 3; and (iii) \$50,000 to the Company in payment of the Company's expenses incurred in connection with the transactions contemplated hereby.

(b) The Company's obligations with respect to Facility 1 shall be evidenced by Note 1.

(c) The Company agrees to pay ILC on the date hereof a loan facility fee equal to \$175,000.

(d) The Company shall have the right, upon ten (10) days' written notice to ILC, to exercise the Conversion Option on the Facility 1 Maturity Date; provided, however, that the Company shall not have the right to exercise the Conversion Option if an Event of Default or an event which with the giving of notice or passage of time or both would constitute an Event of Default shall have occurred and be continuing on the Facility 1 Maturity Date or if, in the opinion of ILC, the exercise of the Conversion Option might adversely affect the security interest of ILC in the Collateral.

(e) If the Company exercises the Conversion Option, ILC agrees to lend to the Company and the Company agrees to borrow from ILC on the Facility 1 Maturity Date a principal amount equal to the sum of the unpaid principal amount of Note 1 plus accrued and unpaid interest thereon. The proceeds of Facility 2 shall be applied by ILC, on behalf of the Company, to

repay in full the principal of, and to pay in full the interest on, Note 1.

(f) The Company's obligations with respect to Facility 2 shall be evidenced by Note 2.

#### SECTION 4. Conditions

The obligation of ILC to make Facility 1 available hereunder shall be subject to the satisfaction on or prior to the Closing Date of the following conditions precedent:

(a) On the Closing Date, all representations and warranties of the Company made in Section 2 hereof shall be true and accurate as though made on and as of such date.

(b) On the Closing Date, no Event of Default or event which with the giving of notice or passage of time or both would constitute an Event of Default shall have occurred and be continuing or would result from the Company's borrowing Facility 1.

(c) The Bill of Sale shall be duly executed and delivered by NC to the Company and the Purchase and Sale Agreement shall be duly executed and delivered by the Company and NC, each simultaneously with the Company's borrowing Facility 1 hereunder and each shall be in full force and effect and ILC shall receive a certified copy thereof; each of Note 1 and the Mortgage shall have been duly executed and delivered by the Company to ILC and shall be in full force and effect; the Company shall have caused the Bill of Sale to be filed with the ICC simultaneously with the Company's borrowing Facility 1 hereunder; and the Company shall have caused this Agreement, the Mortgage and Note 1 to be duly filed or recorded, and shall have caused any necessary financing statements to be duly filed in accordance with applicable law, in each place where such filing or recording is necessary or appropriate to perfect and to protect and preserve the lien of the Mortgage and the security interests intended to be created thereby.

(d) ILC shall have received from each party to any agreement listed on Schedule C hereto a consent to the assignment of such agreement by NC to the Company and by the Company to ILC as Collateral pursuant to the Mortgage.

(e) ILC shall have received certified copies of all corporate action taken by the Company to authorize the transactions contemplated hereby and of the articles of organization and by-laws of the Company, a certificate of the Company as to the person or persons authorized to execute and deliver on behalf of the Company this Agreement, the Mortgage,

Note 1 and any other documents contemplated hereby and as to the signature or signatures of such person or persons, and such other documents as ILC shall request, and all documents and proceedings incident to the making of such loan shall be satisfactory in form and substance to ILC.

(f) ILC shall have received an independent insurance broker's report, in form and substance satisfactory to ILC, as to the due compliance with the terms of Section 7 hereof relating to insurance with respect to the Cars.

(g) On the Closing Date it shall be true that no Event of Loss (or event which with the passage of time would become an Event of Loss) with respect to any Car has occurred.

(h) All appropriate action required to have been taken prior to the Closing Date in connection with the transactions contemplated by this Agreement shall have been taken by any governmental or political agency, subdivision or instrumentality with jurisdiction, and all orders, permits, waivers, authorizations, exemptions and approvals of such entities required to be in effect on the Closing Date in connection with the transactions contemplated by this Agreement shall have been issued, and all such orders, permits, waivers, authorizations, exemptions and approvals shall be in full force and effect on the Closing Date.

(i) ILC shall have received a favorable opinion addressed to ILC, and reasonably satisfactory as to scope and substance to ILC, from Carney & Good, special counsel for the Company, to the effect that:

(1) the Company is a corporation duly organized and validly existing pursuant to the laws of the State of Pennsylvania and has the corporate power and authority to carry on its business as now conducted and to enter into and perform its obligations under this Agreement, the Mortgage, Note 1 and Note 2;

(2) the execution, delivery and performance of this Agreement, the Mortgage, Note 1 and Note 2 by the Company have been duly authorized by all necessary corporate action on the part of the Company, do not require any approval of stockholders of the Company or, to the knowledge of such counsel, any approval or consent of any trustee or holders of any indebtedness or obligations of the Company (or that any such approval or consent as is required has been obtained), and neither the execution and delivery of any thereof by the Company nor the performance by the Company of its obligations thereunder (A) contravenes any law, governmen-

tal rule or regulation or, to the knowledge of such counsel, any judgment or order applicable to or binding on the Company or (B) to the knowledge of such counsel, contravenes or results in any breach of, or constitutes any default under, or results in the creation or any Lien upon any property of the Company under, any indenture, mortgage, chattel mortgage, deed of trust, conditional sales contract, bank loan or credit agreement, or any other agreement or instrument, corporate charter, by-law, or permit issued by any governmental authority to which the Company is a party or by which the Company or its properties may be bound or affected;

(3) neither the execution and delivery by the Company of this Agreement, the Mortgage, Note 1 or Note 2 nor the performance by the Company of its obligations hereunder or thereunder requires the consent or approval of, or the giving of notice to, or the registration with, or the taking of any other action in respect of any governmental authority.

(4) this Agreement, the Mortgage and Note 1 have been duly entered into and delivered by the Company and constitute the legal, valid and binding obligations of the Company enforceable against the Company in accordance with their respective terms, except as limited by applicable bankruptcy, insolvency, reorganization, moratorium or similar laws affecting the rights of creditors generally; and

(5) except for the filing of the Bill of Sale, the Mortgage, this Agreement and Note 1 with the ICC and the filing of financing statements in the State of New York and in the State of Pennsylvania and such other states as may be specified in such counsel's opinion, and for the filings of periodic continuation statements with respect to such filings, as and when required, no filing or recording of any document (including any financing statement) is necessary or advisable under the laws of any applicable jurisdiction in order (x) to establish the Company's title to the Cars as against any third parties or (y) to create or perfect ILC's security interest in the Collateral as against the Company and any third parties.

The opinion contemplated by this sub-section (i) shall be to such further effect with respect to such other matters as ILC may reasonably request. Such opinion may state that no opinion is expressed as to laws other than the laws of the States of New York and Pennsylvania and the Federal laws of the United States.

(j) No action or proceeding shall have been instituted nor any governmental action be threatened before any court or governmental agency, nor shall any order, judgment or decree have been issued or proposed to be issued by any court or governmental agency to set aside, restrain, enjoin or prevent the completion and consummation of this Agreement or the transactions contemplated hereby.

(k) ILC shall have received such other documents, including, but not limited to, corporate documents, financing statements, invoices and certificates as ILC deems desirable.

(l) ILC shall have received an inspection report, satisfactory to ILC in scope and substance, from the Company covering the Cars.

(m) ILC shall have received an appraisal, satisfactory in scope and substance to ILC, from Marshall Stevens Incorporated as to the fair market value of the Cars.

(n) ILC shall have received evidence, satisfactory to ILC, that arrangements have been made for payment by NC of all repairs made to the Cars and not yet invoiced to NC.

(o) The Company shall have given written notice to NC that all amounts payable by NC to the Company under any management agreement between the Company and NC covering the Cars shall be paid directly to ILC for application in accordance with this Agreement.

#### SECTION 5. Affirmative Covenants

From the date hereof and until all the Cars shall have been sold pursuant to this Agreement and the Company shall have discharged all of its obligations hereunder and under Note 1 or Note 2, as the case may be, the Company will:

(a) at all times maintain its corporate existence and right to carry on business and do or cause to be done all things necessary to preserve and keep in full force and effect each item included in the Collateral;

(b) keep or cause to be kept proper books and records in which full and correct entries shall be made, in accordance with generally accepted accounting principles consistently applied throughout the periods involved;

(c) commencing in 1989, (x) deliver to ILC (i) within 30 days after the end of each of the first three quarterly periods of each fiscal year of the Company, a

balance sheet of the Company prepared by it as of the close of such period, together with the related statements of income and of surplus for such period and (ii) within 90 days after the close of such fiscal year, a balance sheet of the Company prepared by it as of the close of such fiscal year, together with the related statements of income and surplus for such fiscal year, as certified by independent public accountants, including their certificate and accompanying comment and (y) cause to be delivered to ILC within 90 days after the close of each fiscal year of NC, for so long as NC shall be party to a management agreement covering any of the Cars, a balance sheet of NC prepared by it as of the close of such fiscal year, together with the related statements of income and surplus for such fiscal year, as certified by independent public accountants, including their certificate and accompanying comment;

(d) if any officer of the Company has actual knowledge of the existence of an Event of Default or an event which with the giving of notice or lapse of time or both would become an Event of Default, promptly give to ILC notice thereof and such other information relating thereto as ILC shall reasonably request;

(e) allow any representative of ILC to examine the books, records, reports and other papers of the Company relative thereto (and to make copies thereof and to take extracts therefrom) and to inspect the Cars, all at such reasonable times and as often as ILC reasonably requests and, upon the reasonable request of ILC, furnish to ILC copies or printouts of such logs, manual and data, and inspection, modification and overhaul records relating to the Cars, as ILC reasonably specifies;

(f) pay and discharge, or cause to be paid and discharged, all fees, taxes, assessments and governmental charges or levies imposed upon it or upon its income or property prior to the date upon which penalties attach thereto;

(g) within 10 days after the commencement thereof, notify ILC in writing of any action, suit or proceeding commenced against the Company at law, in equity or before any governmental department, commission, board, bureau, agency or other instrumentality which may result in any adverse change in the business, operations, properties, assets or condition, financial or otherwise, of the Company;

(h) make and maintain all necessary filings and registrations required to establish and maintain the Company's title to the Cars and to establish and maintain in favor of ILC a good and valid perfected first lien and security interest in and to the Collateral enforceable against all persons; and

(i) promptly, at its own expense, take or cause to be taken such action as may be necessary to discharge any Lien (other than a Lien in favor of ILC or an Approved Lease) on or with respect to any Car, the Company's title thereto or any interest therein and shall promptly furnish evidence of such discharge to the ILC.

#### SECTION 6. Negative Covenants

From the date hereof and until such time as all the Cars shall have been sold pursuant to this Agreement and the Company shall have discharged all of its obligations hereunder and under Note 1 or Note 2, as the case may be, the Company will not, without the prior written consent of ILC:

(a) directly or indirectly create, incur, assume or suffer to exist any Lien (other than a Lien in favor of ILC or an Approved Lease) on or with respect to any Car, the Company's title thereto or any interest therein or in, to or under any lease entered into with respect to any Car or any interest of the Company in any proceeds of sale of any Car;

(b) sell, transfer or otherwise dispose of any Car or the Company's title thereto or any of its interest therein, except in accordance with Section 11 hereof;

(c) consolidate with or merge into any other corporation, wind up, dissolve or sell, lease, assign, transfer or otherwise dispose of any Cars (except pursuant to, and in accordance with, this Agreement) or all or any substantial portion of its assets; or

(d) enter into any agreement relating to the Cars, written or oral, with the Manager (as such term is hereinafter defined) or any lessee, user or purchaser of any of the Cars, without the prior written consent of ILC, which consent shall not be unreasonably withheld.

## SECTION 7. Insurances

(a) *Public Liability and Property Damage Insurance.* For so long as the Company shall own any Car, the Company will maintain, or cause to be maintained, with respect to such Car, (i) public liability insurance and property damage insurance in amounts which are not less than the amounts customarily carried by Class I line-haul railroads, and (ii) cargo liability insurance, in the case of both clause (i) and clause (ii), (A) of the type and covering the same risks as are customarily carried by Class I line-haul railroads and approved by ILC and (B) which is maintained in effect with insurers of recognized responsibility satisfactory to ILC. Any policies of insurance carried in accordance with this paragraph (a) and any policies taken out in substitution or replacement for any of such policies (A) shall name ILC (but without imposing any liability to pay the premiums for such insurance) as an additional insured and loss payee as its interest may appear, (B) shall provide that in respect of the interest of ILC in such policies the insurance shall not be invalidated by any action or inaction of the Company, including, without limitation, any more hazardous use or occupation of any of the Cars than that permitted by such policies, and shall insure ILC regardless of any breach or violation of any warranty, declaration or condition contained in such policies by the Company and (C) shall provide that if the insurers cancel such insurance for any reason whatever, or the same is allowed to lapse for nonpayment of premium or non-renewal, or the scope of coverage thereof is changed in any materially adverse way to ILC, such cancellation, lapse or change shall not be effective as to ILC for ninety days after receipt by ILC of written notice by such insurers of such cancellation, lapse or change. Each liability policy (1) shall be primary without right of contribution from any other insurance which is carried by ILC, (2) shall expressly provide that all of the provisions thereof, except the limits of liability, shall operate in the same manner as if there were a separate policy covering ILC and (3) shall waive any rights of the insurers to any set-off, counterclaim or other deduction against ILC, whether by attachment or otherwise, in respect of any liability of ILC to the extent of any moneys due to ILC.

(b) *Insurance Against Loss or Damage to the Cars.* For so long as the Company shall own any Car, the Company shall maintain or cause to be maintained with respect to such Car, with insurers of recognized responsibility satisfactory to ILC, all-risk casualty insurance covering such Car which is payable in Dollars in the United States and is for an amount not less than the Stipulated Loss Value for such Car. Any policies carried in accordance with this paragraph (b) covering the Cars and any policies taken out in substitution or replacement for any such policies (i) shall name ILC (but without imposing on ILC



liability to pay the premiums for such insurance) as an additional insured and loss payee as its interest may appear, (ii) shall provide that if the insurers cancel such insurance for any reason whatever, or the same is allowed to lapse for nonpayment of premium or non-renewal, or the scope of coverage thereof changed in any materially adverse way to ILC, such cancellation, lapse or change shall not be effective as to ILC for ninety days after receipt by ILC of written notice by such insurers of such cancellation, lapse or change, (iii) shall provide that in respect of the interest of ILC in such policies the insurance shall not be invalidated by any action or inaction of the Company, including, without limitation, any more hazardous use or occupation of any of the Cars than that permitted by such policies, and shall insure ILC regardless of any breach or violation of any warranties, declarations or conditions contained in such policies by the Company, (iv) shall be primary without any right of contribution from any other insurance which is carried by ILC, (v) shall waive any right of subrogation of the insurers against ILC and (vi) shall waive any rights of the insurers to set-off or counterclaim or any other deduction against ILC, whether by attachment or otherwise, in respect of any liability of ILC to the extent of any moneys due to ILC.

Any insurance payments received as the result of the occurrence of an Event of Loss of any Car shall be applied (i) first, against the accrued and unpaid interest on Note 1 or Note 2, as the case may be; (ii) second, against the outstanding principal thereof and (iii) third, after the principal thereof shall have been repaid in full, 65% of any remaining proceeds will be retained by ILC as a premium on Note 1 or Note 2, as the case may be, and 35% thereof shall be paid to the Company.

Any insurance payments received as the result of any damage to any Car not constituting an Event of Loss will be applied in payment for repairs thereto, if not already paid for by the Company or other party, or, if already paid by the Company or other party, shall be applied to reimburse the Company or such party for its payment for such repairs, and any balance remaining shall be applied (i) first, against the accrued and unpaid interest on Note 1 or Note 2, as the case may be; (ii) second, against the outstanding principal thereof; (iii) third, against the payment of any other amounts due and payable thereunder, hereunder or under the Mortgage; and (iv) fourth, after the principal of Note 1 or Note 2, as the case may be, and such other amounts shall have been paid in full, 65% of any remaining proceeds will be retained by ILC as a premium on Note 1 or Note 2, as the case may be, and 35% thereof shall be paid to, or as directed by, the Company.

Any amount referred to in this sub-section (b) which is payable to the Company shall not be paid to the Company if at

the time of such payment an Event of Default or any event which after lapse of time or the giving of notice or both would become an Event of Default shall have occurred and be continuing but shall be held by ILC, together with any interest and other income earned thereon, as security for the obligations of the Company under this Agreement or, at the option of ILC if an Event of Default has occurred and is continuing, applied toward payment of any such obligations of the Company, and at such time as there shall not be continuing any such Event of Default or event which after lapse of time or the giving of notice or both would become an Event of Default such amount not so applied shall be paid to the Company.

(c) *Reports, etc.* On or before the Closing Date, and annually thereafter, the Company will furnish or cause to be furnished to ILC copies of the insurance policies maintained on the Cars or a comprehensive description of policy terms and conditions acknowledged by the lead underwriter and acceptable to ILC, including a complete identification of the insurers and their respective participations. The Company will advise ILC in writing promptly of any default in the payment of any premium and of any other act or omission on the part of the Company which might invalidate or render unenforceable, in whole or in part, any insurance on the Cars. The Company will also advise ILC in writing at least ten days prior to the expiration or termination date of any insurance carried and maintained on the Cars pursuant to this Section 7 that has not been renewed or replaced (without lapse of coverage) with other insurance meeting the requirements of this Agreement. In the event that the Company shall fail to maintain insurance as herein provided, ILC may at its sole option provide such insurance and, in such event, the Company shall, upon demand, reimburse ILC from the Collateral for the cost thereof, without waiver of any other rights ILC may have.

#### SECTION 8. Loss, Destruction, etc.

(a) *Event of Loss with Respect to a Car.* Upon the occurrence of an Event of Loss with respect to any Car, the Company shall promptly (and, in any event, within fifteen days after the Company shall have actual knowledge of such occurrence) give or cause to be given to ILC written notice of such Event of Loss, and, on any Payment Date not later than the first Payment Date that occurs 60 or more days after such Event of Loss, the Company shall either (A) with the prior written consent of ILC, replace such Car with another like hopper car free and clear of all liens and having a value and utility at least equal to, and being in as good operating condition as, the Car with respect to which such Event of Loss occurred (assuming such Car was of the value and utility and in at least the condition and repair required by the terms hereof immediately prior to the occurrence of such Event of

Loss), or (B) pay to ILC (i) any installment of principal of and/or interest on Note 1 or Note 2, as the case may be, then otherwise due and (ii) the Stipulated Loss Value for such Car calculated as of the date such payment is made.

(b) *Application of Payments in Respect of an Event of Loss.* So much of any payments received at any time by ILC or by the Company from any governmental authority, insurer or other party with respect to an Event of Loss of any Car (other than proceeds of any insurance maintained by ILC, which shall be retained by ILC) as shall not exceed the aggregate amount required to be paid by the Company to ILC pursuant to Section 8(a)(ii) hereof shall be applied in reduction of the Company's obligation to pay such aggregate amount, if not already paid by the Company, or to reimburse the Company if it has paid the amount set forth in Section 8(a)(ii) and the balance, if any, of such payments remaining thereafter shall be applied in accordance with the second paragraph of Section 7(b) hereof.

(c) *Application of Payments During Existence of Event of Default.* Any amount referred to in Section 8(b) hereof which is payable to the Company shall not be paid to the Company if at the time of such payment an Event of Default or any event which after lapse of time or the giving of notice or both would constitute an Event of Default shall have occurred and be continuing, but shall be held by or paid over to ILC as security for the obligations of the Company under this Agreement and, if ILC declares this Agreement to be in default pursuant to Section 13 hereof, applied against the Company's obligations hereunder as and when due. At such time as there shall not be continuing any such Event of Default or event which after lapse of time or the giving of notice or both would become an Event of Default, such amount shall be paid to the Company to the extent not previously applied in accordance with the preceding sentence.

#### SECTION 9. Maintenance, Operation, Registration, Possession and Management.

(a) Maintenance, Etc. The Company shall (i) cause each Car to be and to remain duly registered in the name of the Company with the AAR, the ICC, the DOT, the UMLER and each other regulatory agency or association having jurisdiction over or responsibility for the Cars; (ii) maintain, service, repair, overhaul and test each of the Cars or cause each such Car to be maintained, serviced, repaired, overhauled and tested in a manner and with care consistent with the prudent industry standard for Class I line-haul railroads, but in no event with less care than that used by any lessee of such Cars with respect to its other railroad cars, so as to keep such Cars in at least as good operating condition as on the Closing Date, ordinary wear and tear excepted; (iii) maintain or cause to be maintained all

records, logs and other materials required to be maintained with respect to the Cars by the AAR, the ICC, the DOT, the UMLER or any other regulatory agency or association having jurisdiction over or responsibility for the Cars; and (iv) promptly file any reports required to be filed by the Company with respect to the Cars with any governmental authority or other agency or association. The Company agrees that none of the Cars will be maintained, used or operated in violation of any law or any rule, regulation or order of the AAR, the ICC, the DOT or any other regulatory agency or association having jurisdiction over or responsibility for the Cars, or in violation of any license or registration relating to the Cars issued by any such agency or association. In the event that such laws, rules, regulations or orders require alteration of any of the Cars, the Company will conform thereto or obtain conformance therewith at no expense to ILC and will maintain or cause to be maintained the same in proper operating condition under such laws, rules, regulations and orders. The Company shall not operate or locate any Car or to suffer any Car to be operated or located (i) in any area excluded from coverage by any insurance policy in effect with respect to such Car or required by the terms of Section 7 hereof, or (ii) at any time when the full amount of insurance required by Section 7 hereof shall not be in effect.

(b) Possession and Leasing. The Company will not, without the prior written consent of ILC and except as otherwise provided in this Agreement, lease or otherwise in any manner deliver, transfer or relinquish possession of any of the Cars; provided, however, that, so long as no Event of Default shall have occurred and be continuing, and so long as the Company shall comply with the provisions of Section 7 hereof, the Company may, without the prior written consent of ILC, deliver or permit the delivery of possession of any Car to the manufacturer thereof for testing or other similar purposes or to any organization for service, repair, maintenance or overhaul work on such Car. The Company will not, without the prior written consent of ILC, use, or permit the use of any Car either (i) outside the United States, Canada or Mexico or (ii) for the carriage of salt or any corrosive or hazardous material.

(c) Management. The Company shall, with the prior written consent of ILC, enter into a management agreement covering the Cars with NC or such other corporation (which may include the Company) as shall be mutually agreed to by the Company and ILC (NC or such other corporation herein called the "Manager"), which agreement shall, unless otherwise agreed by the Company and ILC, require the Manager, among other things, to assist the Company in its obligations under Sections 7, 8, 9 and 10 hereof; to secure triple net leases, full service leases or other leases for the Cars; to collect the rents payable under any lease; to supervise and oversee the operation of the Cars under lease and

the revenues generated thereby; and to arrange for the maintenance of, insurance on, and payment of taxes with respect to the Cars. The Manager shall be required to pay to ILC within ten days after the end of each month all revenues generated by the Cars during such month less any maintenance charges, insurance premiums or taxes, if any, paid (or reserved for payment) with respect to the Cars and less the Manager's monthly management fee, which shall be a specified percentage of the revenues of the Cars. The management agreement shall provide that the Manager shall maintain books and records covering the operations of, and the revenues generated by, each of the Cars, and shall make such books and records available for review by the Company and ILC upon reasonable notice thereby. The Company shall not direct the Manager to take any action, and shall not consent to any action by the Manager, under the management agreement (other than actions expressly permitted by the management agreement to be taken by the Manager without the consent of the Company) without the prior written consent of ILC, which consent shall be deemed granted if the Company is not notified in writing by ILC that such consent is withheld within five Business Days after receipt by ILC of written notice from the Company requesting such consent from ILC. The Company shall, upon the written instructions of ILC, terminate the management agreement in accordance with, and if permitted by, the terms thereof. The Manager shall not enter into any Lease covering the Cars without the prior written approval of ILC and the Company.

#### SECTION 10. Leases of the Cars.

(a) The Company shall use its best efforts to secure a triple net lease or, with the prior written consent of ILC, a full service lease or other lease for each Car or Cars simultaneously upon the expiration or earlier termination of the lease to which it or they are subject on the best terms then available, each such lease to contain, among others, the following terms: (i) in the case of a triple net lease, the lessee shall be responsible for all maintenance, insurance and tax expenses arising out of the operation of the Cars; (ii) the term of such lease shall not be less than two years, unless otherwise agreed in writing by ILC, and the lessee shall not have any right of early termination thereof; (iii) any renewal option of the lessee shall be subject to the consent of the Company and ILC at least 120 days before the expiration of the term; and (iv) the lessee shall provide the Company with free storage of the Cars subject to such lease for not less than three months after the expiration or earlier termination thereof. The Company shall not enter into any lease covering any of the Cars without the prior written approval of ILC.

(b) The lessee of any Car shall be directed by the Company to make all payments under its Lease directly to the

Manager or ILC. The amounts received by ILC from leases covering the Cars, whether from the Manager or directly from the lessee thereof, with respect to any period ending on or before May 29, 1989 (less any fee payable to the Manager and less any amount payable for the maintenance or repair of any of the Cars) shall be deposited in the Contingency Reserve Account. The amounts so received by ILC thereafter shall be retained by ILC and distributed on each Payment Date in the following order of priority:

*first*, so much of such proceeds remaining as shall be required to pay in full the accrued but unpaid interest (whether or not due and payable) on Note 1 or Note 2, as the case may be, to the date of distribution shall be applied against the payment of such interest;

*second*, so much of such proceeds remaining as shall be required to pay in full the principal amount of Note 1 or Note 2, as the case may be, then due shall be applied against the payment of such principal;

*third*, so much of such proceeds remaining as ILC may determine shall be deposited by ILC in the Contingency Reserve Account;

*fourth*, so much of such proceeds remaining as shall be required to pay in full the outstanding principal amount of Note 1 or Note 2, as the case may be, shall be applied against the payment of such principal amount;

*fifth*, so much of such proceeds remaining as shall be required to pay in full any amounts due and payable under this Agreement, Note 1 or Note 2, as the case may be, or the Mortgage, shall be applied against the payment of such amounts; and

*sixth*, after Note 1 or Note 2, as the case may be, and all other amounts due and payable thereunder, hereunder or under the Mortgage shall have been paid in full, 65% of any remaining proceeds shall be retained by ILC as a premium on Note 1 or Note 2, as the case may be, and 35% thereof shall be paid to, or as directed by, the Company.

#### SECTION 11. Sales of the Cars.

(a) The Company shall have the right, subject to the satisfaction of sub-section (b) of this Section 11, to sell any of the Cars. ILC shall have the right, subject to the satisfaction of sub-section (c) of this Section 11, to require the Company to sell any of the Cars. Upon the sale of any Cars, the

Company shall prepay Note 1 or Note 2, as the case may be, in a principal amount equal to the product of (x) the then outstanding principal amount of Note 1 or Note 2, as the case may be, and (y) a fraction, the numerator of which is the number of Cars then sold and the denominator of which the number of Cars owned by the Company immediately prior to the sale of such Cars.

(b) The Company shall have the right, at any time, to sell any of the Cars; provided, however, that (i) the Company shall have given ILC at least 30 Business Days prior written notice of the proposed sale of such Car or Cars, such notice to set forth the Car or Cars to be sold, the name of the purchaser, the proposed date of the sale, and the terms thereof, including without limitation, the purchase price thereof; (ii) the purchaser of such Car or Cars shall be directed to pay the purchase price thereof directly to ILC for application in accordance with sub-section (d) of this Section 11; (iii) the purchase price of such Car or Cars shall be at least equal to the greater of (A) the amount of Note 1 or Note 2, as the case may be, required to be prepaid upon the sale of such Car or Cars pursuant to sub-section (a) of this Section 11 and (B) the "fair market value" thereof, determined in accordance with sub-section (e) of this Section 11; and (iv) the Company shall not sell any Car or Cars without the prior written consent of ILC.

(c) ILC shall have the right, at any time, to require the Company to sell, and the Company shall sell, any of the Cars; provided, however, that (i) ILC shall have given the Company at least 30 Business Days prior written notice of the proposed sale of such Car or Cars, such notice to set forth the Car or Cars to be sold, the name of the purchaser, the proposed date of the sale, and the terms thereof, including without limitation the purchase price thereof; (ii) the purchaser of such Car or Cars shall be directed to pay the purchase price thereof directly to ILC for application in accordance with sub-section (d) of this Section 11; (iii) the purchase price of such Car or Cars shall be at least equal to the greater of (A) the amount of Note 1 or Note 2, as the case may be, required to be prepaid upon the sale of such Car or Cars pursuant to sub-section (a) of this Section 11 and (B) the "fair market value" thereof; and (iv) the Company shall not be required to sell such Car or Cars if the Company shall have secured the unconditional commitment of a third party to purchase such Car or Cars on or prior to the date of sale set forth in the written notice of ILC for a purchase price in excess of the purchase price set forth in such written notice.

(d) The proceeds of the sale of any of the Cars pursuant to this Section 11 shall be applied as follows:

*first*, so much of such proceeds remaining as shall be required to pay in full the accrued but unpaid

interest due on Note 1 or Note 2, as the case may be, shall be applied against the payment of such interest;

*second*, so much of such proceeds remaining as shall be required to pay in full the principal amount of Note 1 or Note 2, as the case may be, then due and unpaid shall be applied against the payment of such principal;

*third*, so much of such proceeds remaining as shall be required to prepay the principal of Note 1 or Note 2, as the case may be, in accordance with subsection (a) of this Section 11 shall be applied against the payment of such principal; and

*fourth*, so much of such proceeds remaining shall be deposited by ILC into the Premium Account.

(e) The "fair market value" of a Car shall be the value thereof which will be obtained in an arm's length transaction between an informed and willing buyer (other than a buyer currently in possession or a used equipment scrap dealer) under no compulsion to buy and an informed and willing seller unaffiliated with such buyer and under no compulsion to sell and assuming that such Car has been maintained in accordance with the terms of this Agreement. If the Company and ILC after good faith discussion and consultation have failed to agree on the fair market value of a Car or Cars within three Business Days after the notice of sale thereof given pursuant to sub-section (b) or sub-section (c) of this Section 11, then the fair market value thereof shall be determined by an appraisal of a recognized independent railroad appraiser selected by mutual agreement of the Company and ILC. If the Company and ILC shall be unable to agree on an appraiser, then the fair market value shall be determined by an appraisal mutually agreed to by two recognized independent railroad appraisers, one of which appraisers shall be chosen by the Company and one by ILC within three Business Days after the Company or ILC shall have received written notice from the other party of a demand that such an appraisal be made, which notice shall specify the appraiser chosen by the party giving the notice or, if such appraisers cannot agree on such fair market value within five Business Days after the second appraiser shall have been appointed, each shall render its own appraisal and shall by mutual consent choose another appraiser within two Business Days after the end of such five-Business Day period. If, within such two-Business Day period, such two appraisers fail to appoint a third appraiser, then either the Company or ILC, on behalf of both, may request such appointment by the then President of the Association of the Bar of the City of New York (or any successor organization thereto) or, in his absence or failure, refusal or inability to act, then either the Company or ILC may apply to the



American Arbitration Association (or any successor organization thereto) in New York, New York for the appointment of such third appraiser. The decision of the third appraiser so appointed shall be given within five Business Days after the appointment of such third appraiser. As soon as the third appraiser has delivered his appraisal, that appraisal shall be compared with the appraisals given by the other two appraisers. If the determination of one appraiser is more disparate from the average of the three determinations than each of the other two determinations, then the determination of such appraiser shall be excluded, the remaining two determinations shall be averaged and such average shall be final and binding upon the parties hereto. If no determination is more disparate from the average of the three determinations than each of the other determinations, then such average shall be final and binding upon the parties thereto. The Company and ILC shall share equally all expenses relating to such appraisal procedure.

(f) The sales proceeds to be applied in accordance with clause fourth of sub-section (d) of this Section 11 shall be deposited in a special interest bearing account (the "Premium Account") which shall be under the sole control and dominion of ILC and which shall bear interest at the Irving Trust Company insured money market rate, as in effect from time to time. Any funds in the Premium Account shall be distributed monthly by ILC in the order of priority set forth below and upon the sale of all the Cars, any funds remaining in the Premium Account shall be promptly distributed by ILC in the following order of priority:

*first*, so much of such funds remaining as shall be required to pay in full the accrued but unpaid interest due on Note 1 or Note 2, as the case may be, shall be applied in payment of such interest;

*second*, so much of such funds remaining as shall be required to pay in full the unpaid principal amount of Note 1 or Note 2, as the case may be, shall be applied in payment of such principal;

*third*, so much of such funds remaining as shall be required to pay in full any other amounts due and owing by the Company under this Agreement, Note 1 or Note 2, as the case may be, or the Mortgage shall be applied in payment of such amounts; and

*fourth*, sixty-five percent (65%) of the balance, if any, shall be retained by ILC as a premium on Note 1 or Note 2, as the case may be, and the remaining thirty-five percent (35%) of the balance, if any, shall be paid to, or as directed by, the Company.

Section 12. Contingency Reserve Account.

(a) The funds payable in accordance with the second sentence of Section 10(b) hereof and the funds payable in accordance with clause third of Section 10(b) hereof shall be deposited into a special interest bearing account (the "Contingency Reserve Account") which shall be under the sole control and dominion of ILC and which shall bear interest at the Irving Trust Company insured money market rate, as in effect from time to time. To the extent that any amount of principal of, or interest on, Note 1 or Note 2, as the case may be, or any other payment obligation of the Company hereunder or under the Mortgage or Note 1 or Note 2, as the case may be, shall not be paid when due, ILC shall withdraw such amount from the Contingency Reserve Account and apply it in payment of such obligation. Upon the written request of the Company (which written request shall be accompanied by such supporting documents as ILC shall reasonably request) or in the discretion of ILC, ILC shall apply funds from the Contingency Reserve Account against the payment of (i) the reasonable legal fees of ILC or the Company incurred after the Closing Date in connection with the transactions contemplated hereby; (ii) the expenses incurred in connection with the repainting or lining of any of the Cars or the transportation of any of the Cars for the commencement of service under an Approved Lease; or (iii) the payment of any other operational and maintenance expenses associated with the Cars approved in writing by ILC and the Company. To the extent that any expenses paid for from the Contingency Reserve Account are reimbursed by a lessee of the Cars, such amount reimbursed shall be deposited in the Contingency Reserve Account.

(b) To the extent and at such time as the gross lease revenues in respect of the Cars in any calendar year equal or exceed the Annual Rental Target for such calendar year (the date on which such revenues for any calendar year exceed such amounts hereinafter called the "Revenue Date" for such year), ILC shall disburse to the Company from the Contingency Reserve Account, to the extent of the funds on deposit therein, as a management fee, an amount equal to \$500.00 per month, such fee to be paid retroactively for each month in such calendar year prior to the month in which the Revenue Date shall occur (except, with respect to calendar year 1989, the months January through and including May, for which no management fee shall be paid) and thereafter on each Payment Date during such calendar year.

(c) After the expiration of the leases listed on Schedule C hereto and to the extent and at such time as (i) the Cars are subject to full service lease agreements and the gross lease revenues in respect of the Cars under such leases in any calendar year are projected to equal or exceed the Annual Full Service Lease Rental Target for such calendar year, or (ii) the

Cars are subject to triple net lease agreements and the gross lease revenues in respect of the Cars under such leases are projected to equal or exceed the Annual Triple Net Lease Target for such calendar year, ILC shall disburse to the Company from the Contingency Reserve Account, to the extent of the funds on deposit therein, in addition to any management fee payable pursuant to sub-section (b) above, an amount equal to \$500.00 per month for such calendar year.

(d) Upon the sale of all of the Cars, any amount remaining in the Contingency Reserve Account shall be paid into the Premium Account for distribution in accordance with Section 11(f) hereof.

### SECTION 13. Events of Default

(a) The occurrence of any one or more of the following events shall constitute an "Event of Default":

(i) The Company shall have failed to make any payment due hereunder or under Note 1 or Note 2, as the case may be, and such failure shall continue for 30 days;

(ii) The Company shall fail to carry and maintain or cause to be carried or maintained insurance on or with respect to any Car in accordance with the provisions of Section 7 hereof;

(iii) The Company shall fail to remove any Lien on any Car in accordance with the provisions of Section 5(i) hereof;

(iv) The Company shall fail to maintain its corporate existence;

(v) The Company shall have failed to perform or observe any covenant or agreement to be performed or observed by it hereunder and such failure shall continue unremedied for a period of 30 days after written notice thereof by ILC to the Company;

(vi) Any representation or warranty made by the Company herein or in any document or certificate furnished by the Company in connection herewith shall prove to have been incorrect in any material respect as at the time made;

(vii) A final judgment for the payment of money in excess of \$100,000, or final judgments in excess of \$100,000 in the aggregate, shall be rendered against the Company and the same shall remain undischarged for a period of 90 days during which execution of such judgment shall not be effectively stayed, or an attachment or attachments or other Lien or Liens shall be issued or entered against any of the property of the Company, for an

amount in excess of \$100,000, or \$100,000 in the aggregate, and shall remain undischarged or unbonded for 90 days;

(viii) Any governmental authority or any person acting or purporting to act under governmental authority shall have condemned, seized or appropriated, or assumed custody or control of, all or any substantial part of the property of the Company, and such action, in the judgment of ILC, is reasonably likely to have a material adverse effect on the Company's ability to perform its obligations under this Agreement;

(ix) The change in any top management personnel or stock ownership of the Company without the prior written consent of ILC;

(xi) The commencement of an involuntary case or other proceeding in respect of the Company under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States, or seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator (or similar official) of the Company or for all or substantially all of its property, or seeking the winding-up or liquidation of its affairs and the continuation of any such case or other proceeding undismissed and unstayed for a period of 90 consecutive days; or

(x) The commencement by the Company of a voluntary case or proceeding under the federal bankruptcy laws, as now constituted or hereafter amended, or any other applicable federal or state bankruptcy, insolvency or other similar law in the United States, or the consent by the Company to the appointment of or taking possession by a receiver, liquidator, assignee, trustee, custodian, sequestrator (or other similar official) of the Company or for all or substantially all of its property, or the making by the Company of any assignment for the benefit of creditors of the Company shall take any corporate action to authorize any of the foregoing.

(b) If an Event of Default shall have occurred and be continuing, ILC may, at its option, declare by written notice to the Company this Agreement to be in default and at any time thereafter, so long as any such outstanding Event of Default shall not have been remedied, ILC may do one or more of the following as ILC in its sole discretion shall elect:

(i) ILC may, by giving five (5) days' notice to the Company, declare the unpaid principal amount of Note 1 or Note 2, as the case may be, and the interest accrued thereon to be immediately due and payable. Thereupon, such principal and interest and all other, if any, sums payable hereunder or in

respect of Note 1 or Note 2, as the case may be, shall forthwith become and be due and payable without further notice and without presentment for payment, demand, protest or notice of protest or other conditions precedent to the enforcement or collection thereof, all of which are hereby expressly waived by the Company.

(ii) ILC may proceed to protect and enforce its rights by action at law or suit in equity or other appropriate proceeding, whether for specific performance of any covenant contained in this Agreement, in the Mortgage or in Note 1 or Note 2, as the case may be, including, without limitation, requiring the Company to sell any or all of the Cars and distribute the sales proceeds thereof in accordance with the terms hereof, or in aid of the exercise of any power granted herein or therein, or ILC may proceed to enforce the payment of Note 1 or Note 2, as the case may be, when due or to enforce any other legal or equitable right of ILC including, without limitation, the right to apply any funds on deposit in the Premium Account or the Contingency Reserve Account against the amounts due and payable under Note 1 or Note 2, as the case may be, and the right to proceed to take any action authorized or permitted under the terms of any item of the Collateral or by applicable law for the collection of all sums due, or so declared due, on Note 1 or Note 2, as the case may be; and the Company will pay ILC from the Collateral all costs and expenses of collection, including, without limitation, attorneys' fees, court costs and other legal expenses.

(iii) ILC shall not be required to marshall any present or future security for, or guaranties of, the indebtedness evidenced by Note 1 or Note 2, as the case may be, or to resort to any such security or guaranties in any particular order.

#### SECTION 14. General Indemnity

(a) The Company hereby agrees to indemnify from the Collateral ILC and its successors, permitted assigns, directors, officers, employees, servants and agents (collectively the "Indemnitees") against, and agrees to protect, save and keep harmless each thereof from any and all liabilities, obligations, losses, damages, penalties, claims, actions, suits, out-of-pocket costs, fees, taxes (excluding, however, (a) Federal or New York State taxes on, based on or measured by net income and (b) taxes on, based on or measured by the net income of ILC imposed by any other state or political subdivision thereof in which ILC is subject to tax other than solely by reason of ILC's performance of its obligations or the Company's exercise of its rights under this Agreement) expenses and disbursements (including reasonable legal fees and expenses), of whatsoever kind and nature (collectively called "Expenses") imposed on, incurred by or asserted against any Indemnatee in any way relating to or arising out of (A) this Agreement or the enforcement of any of the terms

hereof or (B) the manufacture, financing, construction, purchase, acceptance, rejection, ownership, acquisition, delivery, registration, deregistration, nondelivery, sale, lease, sublease, possession, preparation, storage, maintenance, repair, transportation, transfer of title, use, operation, condition or other application or disposition of any and/or all the Cars.

(b) The Company agrees to indemnify the Indemnitees against, and agrees to protect, save and keep harmless each thereof from any Expenses (except with respect to any obligation hereunder, under Note 1 or Note 2, as the case may be, or under the Mortgage that is limited to the Collateral) imposed on, incurred by or asserted against any Indemnitee and directly caused by an intentional act of, or an intentional failure to act by, the Company.

(c) The indemnities contained in sub-sections (a) and (b) of this Section 14 shall not extend to any Expense resulting from or arising out of or which would not have occurred but for the gross negligence or willful misconduct of the Indemnitee (other than gross negligence or willful misconduct imputed to ILC solely by reason of ILC's interest in the Cars).

(d) If a claim is made against an Indemnitee involving one or more Expenses and such Indemnitee has notice thereof, such Indemnitee shall promptly, upon receiving such notice, give notice of such claim to the Company, provided that the failure to provide such notice shall not release the Company from any of its obligations to indemnify hereunder.

#### SECTION 15. Miscellaneous Provisions

(a) The Company agrees that at any time and from time to time, upon the written request of ILC, the Company will promptly and duly execute and deliver, or cause to be promptly and duly executed and delivered, any and all such further instruments or documents as ILC may reasonably deem desirable in obtaining and perfecting the full benefits of this Agreement, on Note 1 or Note 2, as the case may be, or the Collateral and of the rights and powers granted herein and therein.

(b) All notices, requests and other communications pursuant to this Agreement shall be in English and in writing, either by letter, telex or telecopy, addressed as follows: if to the Company at 1250 Tower Lane, Erie, Pennsylvania 16505 (Telecopy No.: (814) 455-3562) and if to ILC at 1290 Avenue of the Americas, New York, New York 10104 Attention: William Houston and Hardy Justice (Telex No.: 6801363; Telecopy No.: (212) 279-4246), or to such other address as the party to receive any such communication or notice may have designated by

written notice to the other party. All periods of notice shall be measured from the date of receipt thereof.

(c) The Company agrees to and submits to the personal jurisdiction and venue of the Courts of the State of New York or the United States of America for the Southern District of New York as the ILC may elect, in any suit, claim or proceeding brought against the Company under this Agreement or any document contemplated herein.

(d) The Company agrees to pay from the Collateral, or reimburse ILC for its payment of, all costs and expenses, if any, in connection with the enforcement by ILC of its rights under this Agreement, the Mortgage, Note 1 or Note 2, as the case may be, and the other documents provided for herein and all filing fees and stamp and other taxes, if any, incident to the execution and delivery of the documents (including, without limitation, Note 1 or Note 2, as the case may be) herein contemplated.

(e) This Agreement shall be binding upon the Company and its successors and assigns and shall be binding upon and inure to the benefit of ILC and its successors and assigns; provided, however, that the Company may not transfer any of its obligations or assign any of its rights hereunder without the prior written consent of ILC. ILC shall have the right, upon written notice to the Company, to assign its rights and transfer its obligations hereunder to any other party.

(f) This Agreement shall be deemed to have been made under and shall be governed by the laws of the State of New York as to all matters of construction, validity, effect and performance.

(g) If the Company fails to pay any taxes, insurance premiums or other amounts required to be paid thereby hereunder or fails to perform or comply with any of its other agreements contained herein, ILC may make such payment or perform or comply with such agreement and the cost to ILC of such payment and/or performance and/or compliance, together with interest thereon for each day at a rate per annum equal to the maximum rate of interest permitted by the laws of the State of New York and the United States, shall constitute an additional obligation of the Company to ILC payable from the Collateral on demand.

(h) Any provision of this Agreement which is prohibited or unenforceable in any jurisdiction shall, as to such jurisdiction, be ineffective to the extent of such prohibition or unenforceability without invalidating the remaining provisions hereof, and any such prohibition or unenforceability shall not invalidate or render unenforceable such provision in any other jurisdiction.

(i) The Company hereby irrevocably constitutes ILC as its true and lawful attorney (in the name of the Company or otherwise) to ask, require, demand, receive, compound and give acquittance for any and all monies, claims and other amounts (including insurance proceeds) due and to become due with respect to, or in connection with the Collateral or the lease or sale of any Car, to endorse any checks or other instruments or orders in connection therewith and to file any claims or take any action or institute any proceedings which ILC may deem necessary or advisable in the premises and generally to do, at ILC's option and the Company's expense, payable from the Collateral, all acts which ILC deems necessary to protect, preserve and realize upon the Collateral and ILC's security interest therein. In connection therewith and without limiting the generality of the foregoing, ILC is authorized to sign, at any time and from time to time, without the signature of the Company, any Uniform Commercial Code financing statements or changes thereto which may be deemed necessary by ILC, in its sole discretion, to perfect the rights and powers granted thereto in this Agreement or in any item of the Collateral.

(j) This Agreement may be executed in several counterparts with the same effect as if the parties executing such counterparts shall have all executed one agreement on the date hereof, each of which counterparts when executed and delivered shall be deemed to be an original and all of such counterparts together shall constitute this Agreement.

(k) No failure or delay in exercising any power or right hereunder, under Note 1 or Note 2, as the case may be, or under any of the Collateral shall operate as a waiver thereof, nor shall any single or partial exercise of any such right or power preclude any other or further exercise of any other right or power hereunder or thereunder. No modification or waiver of any provision of this Agreement, of Note 1 or Note 2, as the case may be, or of any of the Collateral nor consent to any departure by any party to any provision thereof shall in any event be effective unless the same shall be in writing and signed by ILC and then such waiver or consent shall be effective only in the specific instance and for the purpose for which given. No notice to or demand on any party in any case shall entitle such party to any other or further notice or demand in similar or other circumstances.

(l) The Company shall make, or cause to be made, all payments of principal, interest, fees and any other charges and amounts payable hereunder in immediately available funds to ILC at its account (No. 8011541756) at Irving Trust Company, One Wall Street, New York, New York 10005, for the account of ILC, or such other place as ILC shall designate to ILC in writing. All such payments shall be made without withholding or deduction of any



present or future taxes, stamp duties or duties of any nature imposed or levied by any government or by any municipal or political subdivision thereof or taxing authorities therein.

(m) It is not the intent of the Company or ILC to create a joint venture or partnership relation between them. Nothing herein shall create or be construed to create such a joint venture or partnership. The Company will have no authority to bind ILC or incur any liability for which the Company may be responsible without the prior written consent of ILC.

(n) The Company hereby agrees that ILC or the Company may determine that, in order to sell any of the Cars as contemplated by Section 11 hereof, it is necessary to agree to reimburse a prospective purchaser for its inspection and other related expenses (not to exceed \$12,000) if such prospective purchaser makes an offer acceptable to ILC and the Company and NC exercises its right of first refusal pursuant to Section 13 of the Management Agreement, dated the date hereof, between the Company and NC, with respect to such offer. The Company hereby agrees that if ILC or the Company shall so agree and such prospective purchaser makes an acceptable offer that is matched by NC pursuant to such Section 13, the Company shall reimburse such prospective purchaser for such expenses and will not be reimbursed for such expenses (not to exceed \$12,000) out of the proceeds of the sale of any of the Cars.

#### SECTION 16. Limited Recourse

Notwithstanding anything contained in this Agreement to the contrary, ILC agrees that, subject to the proviso set forth below, (x) ILC shall not have recourse against the Company for the payment of the any amount payable hereunder or under the Mortgage or Note 1 or Note 2, as the case may be, and (y) upon the occurrence of an Event of Default, ILC's remedies shall be limited to the repossession, liquidation, foreclosure, sale, assignment or other disposition of the Collateral and the application of the proceeds thereof in payment of the amounts payable hereunder or under the Mortgage or on Note 1 or Note 2, as the case may be; provided, however, that (i) this Section 16 shall not release the Company from its liability, for which ILC shall have full recourse against the Company, for the Company's failure to perform its obligations under Section 5(i) hereof or for the Company's violation of Section 6(a) hereof; (ii) ILC shall have full recourse against the Company for any amount payable by the Company under Section 14(b) hereof; and (iii) nothing in this Section 16 shall affect ILC's rights against the Collateral to recover any amount for which ILC shall have no recourse against the Company.

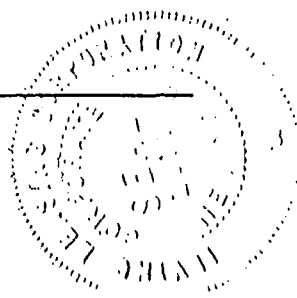
IN WITNESS WHEREOF, the parties hereto have executed  
this Loan Agreement on the date first above written.

RIDGEFIELD DEVELOPMENT CORPORATION

By *Norman E. Ship*

IRVING LEASING CORPORATION

By *William J. Koster*  
A V



## SCHEDULE A

### CARS

One Hundred Eighty-Six (186) railroad cars bearing reporting marks  
UMP 6825, UMP 6833, UMP 6863 through UMP 6864 inclusive, UMP 6866,  
UMP 6869, UMP 6871, UMP 6874 through UMP 6876 inclusive, UMP 6880,  
UMP 6882, UMP 6884, UMP 6886 through UMP 6887 inclusive, UMP 6890,  
UMP 6892, UMP 6898, UMP 6912 through UMP 6913 inclusive. UMPX  
6821, UMPX 6827, UMPX 6837 through UMPX 6839 inclusive, UMPX 6841,  
UMPX 6843, UMPX 6846, UMPX 6853 through UMPX 6854 inclusive, UMPX  
6857, UMPX 6860, UMPX 6862, UMPX 6867, UMPX 6872, UMPX 6879, UMPX  
6881, UMPX 6883, UMPX 6893 through UMPX 6894 inclusive, UMPX 6897,  
UMPX 6899, UMPX 6906, UMPX 6914, UMPX 6916, UMPX 6918, UMPX 7435,  
UMPX 7453, UMPX 7479, UMPX 7498. WSOR 6829, WSOR 6831 through WSOR  
6832 inclusive, WSOR 6834, WSOR 6836, WSOR 6842, WSOR 6845, WSOR  
6848, WSOR 6851 through WSOR 6852 inclusive, WSOR 6861, WSOR 6865,  
WSOR 6868, WSOR 6870, WSOR 6873, WSOR 6877 through WSOR 6878  
inclusive, WSOR 6885, WSOR 6888 through WSOR 6889, WSOR 6895  
through WSOR 6896 inclusive, WSOR 6900 through WSOR 6901 inclusive,  
WSOR 6903 through WSOR 6905 inclusive, WSOR 6907, WSOR 6908 through  
WSOR 6911 inclusive, WSOR 6915, WSOR 6917, WSOR 7433 through WSOR  
7434 inclusive, WSOR 7436 through WSOR 7450 inclusive, WSOR 7452,  
WSOR 7456 through WSOR 7458 inclusive, WSOR 7460. WSOR 7461  
through WSOR 7463 inclusive, WSOR 7465 through WSOR 7471 inclusive,  
WSOR 7473 through WSOR 7478 inclusive, WSOR 7480 through WSOR 7482  
inclusive, WSOR 7484 through WSOR 7497 inclusive, WSOR 7499, WSOR  
7501 through WSOR 7506 inclusive, WSOR 7510 through WSOR 7514  
inclusive, WSOR 7516 through WSOR 7517 inclusive, WSOR 7519, WSOR  
7521 through WSOR 7528 inclusive, WSOR 7530 through WSOR 7532  
inclusive, WSOX 6820, WSOX 6822, WSOX 6823, WSOX 6826, WSOX 6830,  
WSOX 6840, WSOX 6844, WSOX 6849, WSOX 6855, WSOX 6856, WSOX 6858,  
WSOX 6859, WSOX 6891, WSOX 6902, WSOX 6919, WSOX 7454, WSOX 7464,  
WSOX 7483, WSOX 7500, WSOX 7507, WSOX 7509.

Schedule B

Stipulated Loss Value

| DATE   | STIPULATED<br>LOSS VALUE<br>(\$ ORIG. BAL.) |
|--------|---|
| Dec-88 | 100.00%                                     |
| Jan-89 | 100.92%                                     |
| Feb-89 | 101.85%                                     |
| Mar-89 | 102.78%                                     |
| Apr-89 | 103.72%                                     |
| May-89 | 104.67%                                     |

| DATE   | STIPULATED<br>LOSS VALUE<br>(% ORIG. BAL.) |
|--------|--|
| JUN-89 | 104.53%                                    |
| JUL-89 | 104.39%                                    |
| AUG-89 | 104.25%                                    |
| SEP-89 | 104.10%                                    |
| OCT-89 | 103.95%                                    |
| NOV-89 | 103.80%                                    |
| DEC-89 | 103.65%                                    |
| JAN-90 | 103.42%                                    |
| FEB-90 | 103.18%                                    |
| MAR-90 | 102.95%                                    |
| APR-90 | 102.70%                                    |
| MAY-90 | 102.46%                                    |
| JUN-90 | 102.22%                                    |
| JUL-90 | 101.97%                                    |
| AUG-90 | 101.72%                                    |
| SEP-90 | 101.47%                                    |
| OCT-90 | 101.21%                                    |
| NOV-90 | 100.96%                                    |
| DEC-90 | 100.70%                                    |
| JAN-91 | 100.23%                                    |
| FEB-91 | 99.75%                                     |
| MAR-91 | 99.27%                                     |
| APR-91 | 98.79%                                     |
| MAY-91 | 98.30%                                     |
| JUN-91 | 97.80%                                     |
| JUL-91 | 97.30%                                     |
| AUG-91 | 96.80%                                     |
| SEP-91 | 96.29%                                     |
| OCT-91 | 95.78%                                     |
| NOV-91 | 95.27%                                     |
| DEC-91 | 94.74%                                     |
| JAN-92 | 94.23%                                     |
| FEB-92 | 93.71%                                     |
| MAR-92 | 93.18%                                     |
| APR-92 | 92.65%                                     |
| MAY-92 | 92.11%                                     |
| JUN-92 | 91.57%                                     |
| JUL-92 | 91.03%                                     |
| AUG-92 | 90.47%                                     |
| SEP-92 | 89.92%                                     |
| OCT-92 | 89.36%                                     |
| NOV-92 | 88.79%                                     |
| DEC-92 | 88.22%                                     |
| JAN-93 | 87.65%                                     |
| FEB-93 | 87.08%                                     |

| DATE   | STIPULATED<br>LOSS VALUE<br>(% ORIG. BAL.) |
|--------|--|
| Mar-93 | 86.50%                                     |
| Apr-93 | 85.92%                                     |
| May-93 | 85.33%                                     |
| Jun-93 | 84.74%                                     |
| Jul-93 | 84.14%                                     |
| Aug-93 | 83.54%                                     |
| Sep-93 | 82.93%                                     |
| Oct-93 | 82.31%                                     |
| Nov-93 | 81.69%                                     |
| Dec-93 | 81.06%                                     |
| Jan-94 | 80.44%                                     |
| Feb-94 | 79.81%                                     |
| Mar-94 | 79.18%                                     |
| Apr-94 | 78.54%                                     |
| May-94 | 77.90%                                     |
| Jun-94 | 77.25%                                     |
| Jul-94 | 76.59%                                     |
| Aug-94 | 75.93%                                     |
| Sep-94 | 75.26%                                     |
| Oct-94 | 74.58%                                     |
| Nov-94 | 73.90%                                     |
| Dec-94 | 73.21%                                     |
| Jan-95 | 72.42%                                     |
| Feb-95 | 71.62%                                     |
| Mar-95 | 70.82%                                     |
| Apr-95 | 70.00%                                     |
| May-95 | 69.18%                                     |
| Jun-95 | 68.35%                                     |
| Jul-95 | 67.52%                                     |
| Aug-95 | 66.67%                                     |
| Sep-95 | 65.82%                                     |
| Oct-95 | 64.96%                                     |
| Nov-95 | 64.10%                                     |
| Dec-95 | 63.22%                                     |
| Jan-96 | 62.35%                                     |
| Feb-96 | 61.47%                                     |
| Mar-96 | 60.58%                                     |
| Apr-96 | 59.69%                                     |
| May-96 | 58.78%                                     |
| Jun-96 | 57.87%                                     |
| Jul-96 | 56.95%                                     |
| Aug-96 | 56.02%                                     |
| Sep-96 | 55.08%                                     |
| Oct-96 | 54.14%                                     |
| Nov-96 | 53.18%                                     |
| Dec-96 | 52.22%                                     |
| Jan-97 | 51.26%                                     |
| Feb-97 | 50.29%                                     |
| Mar-97 | 49.31%                                     |
| Apr-97 | 48.32%                                     |
| May-97 | 47.33%                                     |
| Jun-97 | 46.32%                                     |

| DATE     | STIPULATED<br>LOSS VALUE<br>(% ORIG. BAL.) |
|----------|--|
| Jul-97   | 45.31%                                     |
| Aug-97   | 44.28%                                     |
| Sep-97   | 43.25%                                     |
| Oct-97   | 42.20%                                     |
| Nov-97   | 41.15%                                     |
| Dec-97   | 40.09%                                     |
| Jan-98   | 39.03%                                     |
| Feb-98   | 37.96%                                     |
| Mar-98   | 36.88%                                     |
| Apr-98   | 35.79%                                     |
| May-98   | 34.70%                                     |
| Jun-98   | 33.59%                                     |
| Jul-98   | 32.47%                                     |
| Aug-98   | 31.34%                                     |
| Sep-98   | 30.20%                                     |
| Oct-98   | 29.05%                                     |
| Nov-98   | 27.89%                                     |
| Dec-98   | 26.72%                                     |
| Jan-99   | 25.55%                                     |
| Feb-99   | 24.37%                                     |
| Mar-99   | 23.18%                                     |
| Apr-99   | 21.98%                                     |
| May-99   | 20.76%                                     |
| Jun-99   | 19.54%                                     |
| Jul-99   | 18.31%                                     |
| Aug-99   | 17.06%                                     |
| Sep-99   | 15.80%                                     |
| Oct-99   | 14.53%                                     |
| Nov-99   | 13.25%                                     |
| Dec-99   | 11.96%                                     |
| Jan-2000 | 10.67%                                     |
| Feb-2000 | 9.37%                                      |
| Mar-2000 | 8.06%                                      |
| Apr-2000 | 6.73%                                      |
| May-2000 | 5.39%                                      |
| Jun-2000 | 4.04%                                      |
| Jul-2000 | 2.68%                                      |
| Aug-2000 | 1.30%                                      |
| Sep-2000 | 0.00%                                      |

SCHEDULE C  
AGREEMENTS

1. Railcar Lease Agreement, as amended, dated August 1, 1988 between NC and Conrad Yelvington Distributors, Inc.
2. Railcar Lease Agreement dated March 18, 1987 between NC and Westmoreland Coal Sales Company.
3. Railcar Lease Agreement, as amended, dated as of January 23, 1984 between NC and Jim Walter Resources, Inc.
4. Railcar Lease Agreement dated as of October 16, 1985 between NC and Arch of Illinois, Inc.
5. Management Agreement, dated as of December 30, 1988, between NC and RDC.



EXHIBIT A

LIMITED RECOURSE  
SECURED PROMISSORY NOTE

U.S. \$4,224,000

December 30, 1988

RIDGEFIELD DEVELOPMENT CORPORATION (the "Company"), a corporation organized and existing under the laws of the State of Pennsylvania, FOR VALUE RECEIVED, hereby promises to pay to IRVING LEASING CORPORATION ("ILC"), OR ORDER, on or before May 29, 1989 (the "Maturity Date"), at the principal office of Irving Trust Company ("Bank"), One Wall Street, New York, New York 10015, for the account of ILC, the principal sum of Four Million Two Hundred Twenty Four Thousand Dollars (\$4,224,000) (the "Principal Amount"), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest (computed on the basis of the actual days elapsed on a 360-day year) for the period from the date hereof until the Maturity Date on the portion of said principal sum remaining unpaid for each day at the rate per annum of eleven percent (the "Interest Rate"). As used herein, the term "Business Day" means any day other than a Saturday or Sunday or any other day on which commercial banks are required or authorized to close in New York, New York.

1. This Note is issued pursuant to a Loan Agreement (the "Loan Agreement"), dated the date hereof, between the Company and ILC and is secured by a Mortgage, Security Agreement and Assignment of Leases and Rents from the Company to ILC, dated the date hereof (the "Mortgage") and by certain Collateral (as such term is defined in the Mortgage). Reference is hereby made to the Loan Agreement and the Mortgage for a description of the Collateral, the security afforded thereby, the premium that may be payable thereon, and the rights of the holder of this Note with respect thereto. Reference is hereby made to the Loan Agreement for a description of the Conversion Option (as such term is defined in the Loan Agreement). If an Event of Default (as such term is defined in the Loan Agreement) shall occur, the principal hereof and accrued interest hereon and other sums, if any, payable hereunder or in respect hereto may be declared due and payable by ILC at its option prior to the Maturity Date in the manner, upon the conditions and with the effect provided in the Loan Agreement.

2. The Company covenants and agrees that the principal amount of this Note will be repaid and interest accrued thereon will be paid on the Maturity Date.

3. This Note shall be prepaid in accordance with Section 11(a) of the Loan Agreement and may be prepaid in accordance with Section 10(b) of the Loan Agreement, in whole or in part, on not less than 10 Business Days' notice and payment of interest on the amount prepaid to the date of such prepayment. All prepayments under this paragraph or under any of the Collateral shall be applied to the unpaid installments in the inverse order of their maturities.

4. The Company hereby waives presentment for payment, demand, protest and notice of protest and nonpayment hereof and hereby consents that any and all Collateral or other property, if any, held by the holder hereof at any time as security for this Note may be exchanged, released or surrendered, and that the time of payment of this Note may be extended, all in the sole discretion of the holder hereof and without notice to and without affecting in any manner the liability of the Company hereunder.

5. No course of dealing between the Company and the holder hereof or delay on the part of the holder hereof in exercising any rights hereunder or under any of the Collateral shall operate as a waiver of any right of any holder hereof except to the extent expressly waived in writing by such holder.

6. Whenever any payment to be made hereunder shall be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day and any extension of time shall be included in computing interest with respect to such payment.

7. All payments of the principal, interest and other amounts payable upon or in respect of this Note or the indebtedness evidenced hereby shall be made to the account of ILC (Account No. 8011541756), at Irving Trust Company at One Wall Street, New York, New York 10015, U.S.A., in immediately available funds. All such payments shall be made without setoff or counterclaim and free and clear of, and without deduction for, any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature herebefore or hereafter imposed by any domestic or foreign governmental authority or by any political subdivision thereof, or taxing authority therein, unless the Company is compelled by law to make such deduction or withholding. In the event that any such obligation is imposed upon the Company, the Company will pay to the holder hereof such additional amount as may be necessary to enable the holder hereof to receive the same net amount (after taking into account any credit, repayment, relief or rebate in respect of taxation by the taxing authority imposing any such tax

or duty which the holder hereof may be entitled to claim, as reasonably determined by the holder, arising directly or indirectly as a result of any such deduction as aforesaid) which said holder would have received if no such obligation had been imposed; provided that the foregoing provisions of this sentence shall not apply in the case of amounts deducted from interest in respect of taxes charged upon or by reference to the income, profits or gains of such holder and imposed by the United States of America or the State or City of New York. The Company agrees that it will pay from the Collateral and save the holder hereof harmless from all liabilities with respect to or resulting from any delay or omission to pay any such tax, levy, impost, duty, charge or fee or to make any such deduction or withholding required by law.

8. Should the indebtedness represented by this Note or any part thereof be collected by action at law, or in bankruptcy, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Company agrees to pay from the Collateral, in addition to principal and interest due and payable hereon, court costs and reasonable attorneys' fees and other collection charges, unless prohibited by law.

9. As used herein the term "holder" means ILC or any other person who is at the time the holder in possession of this Note.

10. Notwithstanding anything contained in the Loan Agreement or this Note to the contrary, but subject to the proviso set forth below, (x) ILC shall not have recourse against the Company for the payment of any amount payable hereunder and (y) upon the occurrence of an Event of Default, ILC's remedy shall be limited to the repossession, liquidation, foreclosure, sale, assignment or other disposition of the Collateral and the application of the proceeds thereof in payment of the amounts payable hereunder or under the Loan Agreement; provided, however, that (i) this Section 10 shall not release the Company from its liability, for which ILC shall have full recourse against the Company, for the Company's failure to perform its obligations under Section 5(i) of the Loan Agreement or the Company's violation of Section 6(a) of the Loan Agreement; (ii) ILC shall have full recourse against the Company for any amount payable by the Company under Section 14(a) of the Loan Agreement; and (iii) nothing in this Section 10 shall affect ILC's rights against the Collateral to recover any amounts for which ILC shall have no recourse against the Company.

11. This Note shall be deemed to have been made under and governed by the laws of the State of New York as to all matters of construction, validity, effect and performance.

IN WITNESS WHEREOF, the Company has caused this Limited  
Recourse Secured Promissory Note to be duly executed on the date  
first above written.

RIDGEFIELD DEVELOPMENT  
CORPORATION

By \_\_\_\_\_

EXHIBIT B

LIMITED RECOURSE  
SECURED PROMISSORY NOTE

U.S. \$ \_\_\_\_\_

May 29, 1989

RIDGEFIELD DEVELOPMENT CORPORATION (the "Company"), a corporation organized and existing under the laws of the State of Pennsylvania, FOR VALUE RECEIVED, hereby promises to pay to IRVING LEASING CORPORATION ("ILC"), OR ORDER, on or before September 29, 2000 (the "Maturity Date"), at the principal office of Irving Trust Company ("Bank"), One Wall Street, New York, New York 10015, for the account of ILC, the principal sum of (\$ \_\_\_\_\_) (the "Principal Amount"), in such coin or currency of the United States of America as at the time of payment shall be legal tender for the payment of public and private debts, and to pay interest (computed on the basis of the actual days elapsed on a 360-day year) for the period from the date hereof until the Maturity Date on the portion of said principal sum remaining unpaid for each day at the rate per annum of eleven percent (11%) (the "Interest Rate"). Notwithstanding the foregoing, this Note shall bear interest at the rate per annum of twelve percent (12%) (the "Overdue Rate") on overdue installments of principal, and, to the extent that the same be lawful, on any overdue interest; provided, however, that interest at the Overdue Rate (rather than at the Interest Rate) shall be payable to the extent and only to the extent of the amount of late charges, if any, paid by lessees or other users of the Cars (as such term is defined in the Loan Agreement). As used herein, the term "Business Day" means any day other than a Saturday or Sunday or any other day on which commercial banks are required or authorized to close in New York, New York.

1. This Note is issued pursuant to a Loan Agreement (the "Loan Agreement"), dated December 30, 1988, between the Company and ILC and is secured by a Mortgage, Security Agreement and Assignment of Leases and Rents from the Company to ILC, dated December 30, 1988 (the "Mortgage") and by certain Collateral (as such term is defined in the Mortgage). Reference is hereby made to the Loan Agreement and the Mortgage for a description of the Collateral, the security afforded thereby, the premium that may be payable thereon, and the rights of the holder of this Note with respect thereto. If an Event of Default (as such term is defined in the Loan Agreement) shall occur, the principal hereof and accrued interest hereon and other sums, if any, payable hereunder or in respect hereto may be declared due and payable by ILC at its option prior to the fixed maturity hereof in the

manner, upon the conditions and with the effect provided in the Loan Agreement.

2. The Company covenants and agrees that through and including August 29, 1989, interest on the unpaid principal amount of this Note shall be accrued monthly and shall be added to the principal amount hereof and that the principal amount of this Note will be repaid by the Company in accordance with the schedule set forth on Annex I hereto.

3. The Company covenants and agrees that the Company will pay interest on the unpaid principal amount of this Note in arrears commencing on September 29, 1989 and thereafter on the twenty-ninth day of each month.

4. This Note shall be prepaid in accordance with Section 11(a) of the Loan Agreement and may be prepaid in accordance with Section 10(b) of the Loan Agreement, in whole or in part, on not less than 10 Business Days' notice and payment of interest on the amount prepaid to the date of such prepayment. All prepayments under this paragraph or under any of the Collateral shall be applied to the unpaid installments in the inverse order of their maturities.

5. The Company hereby waives presentment for payment, demand, protest and notice of protest and nonpayment hereof and hereby consents that any and all Collateral or other property, if any, held by the holder hereof at any time as security for this Note may be exchanged, released or surrendered, and that the time of payment of this Note may be extended, all in the sole discretion of the holder hereof and without notice to and without affecting in any manner the liability of the Company hereunder.

6. No course of dealing between the Company and the holder hereof or delay on the part of the holder hereof in exercising any rights hereunder or under any of the Collateral shall operate as a waiver of any right of any holder hereof except to the extent expressly waived in writing by such holder.

7. Whenever any payment to be made hereunder shall be due on a day which is not a Business Day, such payment may be made on the next succeeding Business Day and any extension of time shall be included in computing interest with respect to such payment.

8. All payments of the principal, interest and other amounts payable upon or in respect of this Note or the indebtedness evidenced hereby shall be made to the account of ILC (Account No. 8011541756), at Irving Trust Company at One Wall Street, New York, New York 10015, U.S.A., in immediately available funds. All such payments shall be made without setoff or counterclaim and free and clear of, and without deduction for,

any taxes, levies, imposts, duties, charges, fees, deductions, withholdings, restrictions or conditions of any nature herebefore or hereafter imposed by any domestic or foreign governmental authority or by any political subdivision thereof, or taxing authority therein, unless the Company is compelled by law to make such deduction or withholding. In the event that any such obligation is imposed upon the Company, the Company will pay to the holder hereof such additional amount as may be necessary to enable the holder hereof to receive the same net amount (after taking into account any credit, repayment, relief or rebate in respect of taxation by the taxing authority imposing any such tax or duty which the holder hereof may be entitled to claim, as reasonably determined by the holder, arising directly or indirectly as a result of any such deduction as aforesaid) which said holder would have received if no such obligation had been imposed; provided that the foregoing provisions of this sentence shall not apply in the case of amounts deducted from interest in respect of taxes charged upon or by reference to the income, profits or gains of such holder and imposed by the United States of America or the State or City of New York. The Company agrees that it will pay from the Collateral and save the holder hereof harmless from all liabilities with respect to or resulting from any delay or omission to pay any such tax, levy, impost, duty, charge or fee or to make any such deduction or withholding required by law.

9. Should the indebtedness represented by this Note or any part thereof be collected by action at law, or in bankruptcy, receivership or other court proceedings, or should this Note be placed in the hands of attorneys for collection after default, the Company agrees to pay from the Collateral, in addition to principal and interest due and payable hereon, court costs and reasonable attorneys' fees and other collection charges, unless prohibited by law.

10. As used herein the term "holder" means ILC or any other person who is at the time the holder in possession of this Note.

11. Notwithstanding anything contained in the Loan Agreement or this Note to the contrary, but subject to the proviso set forth below, (x) ILC shall not have recourse against the Company for the payment of any amount payable hereunder and (y) upon the occurrence of an Event of Default, ILC's remedy shall be limited to the repossession, liquidation, foreclosure, sale, assignment or other disposition of the Collateral and the application of the proceeds thereof in payment of the amounts payable hereunder or under the Loan Agreement; provided, however, that (i) this Section 11 shall not release the Company from its liability, for which ILC shall have full recourse against the Company, for the Company's failure to perform its obligations under Section 5(i) of the Loan Agreement or the Company's

violation of Section 6(a) of the Loan Agreement; (ii) ILC shall have full recourse against the Company for any amount payable by the Company under Section 14(a) of the Loan Agreement; and (iii) nothing in this Section 11 shall affect ILC's rights against the Collateral to recover any amounts for which ILC shall have no recourse against the Company.

12. This Note shall be deemed to have been made under and governed by the laws of the State of New York as to all matters of construction, validity, effect and performance.

IN WITNESS WHEREOF, the Company has caused this Limited Recourse Secured Promissory Note to be duly executed on the date first above written.

RIDGEFIELD DEVELOPMENT  
CORPORATION

By \_\_\_\_\_